

Request for Proposals (RFP) ETC0014 For FDIC-Insured Investment Option

Vendor Questions and Department Answers – Set 2

No.	RFP SECTION	RFP PAGE	QUESTION
Q2	Section 2, Agency and Program History	10	Our firm offers a FDIC insured product to our institutional qualified retirement plan clients ONLY where we are the custodian. Will the Board consider letting us be the custodian for the entire 457 plan? Or at a minimum, be the custodian for the FDIC Investment product?
	A2		<i>If there are compelling reasons why the Board should consider a custodial change for the entire plan or the FDIC-insured option, please include them in your response. The Board may consider permitting the FDIC-Insured vendor to be the custodian for just the FDIC-Insured account. However, the Board is unlikely to change from the WDC's current overall cash custodian (Wells Fargo) in order to obtain an FDIC-Insured investment option provider unless it is advantageous to the WDC.</i>
Q2a	(follow-up question)		Does the WDC currently pay a custodial fee for the assets in the FDIC-insured option? If yes, what is the fee (in basis points)?
	A2a		<i>No, the WDC does not currently pay a separate custodial fee for the assets in the FDIC-insured option. The WDC pays a flat fee of \$750 for overall custodial services. Details regarding how the current FDIC provider is compensated are in the WDC Agreement for the Deposit of Deferred Compensation Funds. A copy of this contract is located under the "Reference Material" heading on the FDIC RFP page located at http://etfextranet.it.state.wi.us/etf/internet/RFP/WDC-FDIC/index.html</i>
Q5	3.1.5	15	As a national bank, we sell a variety of investment products which include mutual funds managed by other companies. Are we in compliance with this requirement?
	A5		<i>If your firm charges a fee or is earning a commission on any investment products you sell, your firm is functioning as a broker and you would not be in compliance with this requirement.</i> <i>However, if a different subsidiary (ex.: a non-bank affiliate) under your corporate parent company is performing the brokerage function, then you should indicate this as your firm would be considered in compliance with this requirement.</i>
Q5a	(follow-up question)		When we sell secondary market securities like Treasury bills, we act as principal and earn a spread. Are we still in compliance?
	A2a		<i>No, in this case your firm would not be in compliance with the requirement.</i>

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Q8	n/a	n/a	Does the plan have a limit on maximum allowable investment that each individual can invest in the FDIC-Insured Investment option?
	A8		<i>No, the WDC does not impose a maximum allowable limit on any investment options available to participants.</i>
Q8a	(follow-up question)	n/a	Since the current FDIC coverage is a maximum of \$250,000 per customer, does the WDC inform participants that investments in excess of this amount are not FDIC insured? Also, are participants informed that their personal deposits with the provider, outside of the WDC, count toward the \$250,000 limit?
	A8a		<i>Yes, the WDC does inform participants of the FDIC insurance limit. The WDC literature includes statements regarding the FDIC insurance limit on the fund overview available on the WDC's website and in every monthly fund performance report. In addition, the WDC monitors participant account balances in the FDIC option and has routinely notified participants who exceed the limit of this fact.</i>